

## The Long-Cultivated Strengths of the Teijin Group

### Portfolio Transformation Abilities Focused on the Changing Times

Over its 100-year history, the Teijin Group has achieved growth by transforming its business portfolio with a focus on the changing times. Drawing on its technological foundation, which was built through internal research and the introduction of external technologies, the Group has been developing high-value-added products and reinforcing efforts to swiftly commercialize them. Through such means as integrating technologies in a manner that transcends the barriers of its business fields as well as collaborating with customers and joint-research partners to promptly develop products, the Group has created a unique business portfolio unlike that of any other company.



#### Leveraging Our Strengths to Achieve Our Long-Term Vision

##### Material Business

### Expanding the Composites Business

Teijin has led its generation by being the first company in Japan to establish technology for manufacturing semi-synthetic rayon fibers. Since doing so, we have promoted business development into high-value-added fields that have always been at the cutting edge, including everything from polyester to aramid fibers and carbon fibers.

In 2008, we established the Teijin Composites Innovation Center, becoming one of the first companies to focus on the commercialization of composite materials. By combining the characteristics of materials such as carbon fibers and resins, composite materials are used to enhance the strength and durability of automobiles and aircraft and help reduce weight. In January 2017, we acquired Continental Structural Plastics Holdings Corporation (CSP), thereby securing a Tier 1 position in North America for automotive composites. Additionally, we have been strengthening our businesses dedicated to carbon fiber intermediate materials for aircraft. In these ways, we have been working to establish a new business model that provides environmental value.



Head office of CSP (Michigan, United States)



##### Healthcare Business

### Providing Comprehensive Community-Based Healthcare Services

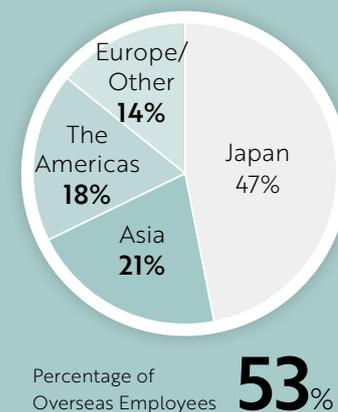
Our pharmaceutical and home healthcare businesses began in the 1970s with our transition from polymer chemistry to fine chemistry. We have established a business model for these businesses by discovering potential medical treatment needs and creating new business domains. At a time when the level of recognition toward osteoporosis and sleep apnea syndrome was low, we contributed to the expansion of medical treatment for these diseases by providing support for the development of diagnosis methods and the establishment of testing environments. Furthermore, we created the new drug *FEBURIC* (febuxostat) to treat hyperuricemia/gout, which was the first time in 40 years that such a drug was developed. *FEBURIC* has played a key role in disseminating medical treatment evidence for hyperuricemia. In the home healthcare business, we have been a pioneer in Japan in getting home healthcare services listed under the national health insurance. In addition to rental devices, we have established a community-based follow-up care system that is able to respond to patients on a 24-hour basis as well as a system for consistent follow-up care provided by dedicated medical specialists. Through these systems, we are providing services that directly meet the needs of medical institutions and patients. Going forward, not only will we deliver the value offered by our products, we will also create new value through the combination of a broad range of technologies, services, and human resources. In these ways, we will realize comprehensive community-based healthcare services.

## Embrace of Diversity among Human Resources

The Teijin Group operates businesses in over 20 countries around the globe. At our 174 Group companies, employees from diverse backgrounds are playing an active role. A large number of our major overseas Group companies, which now account for over 50% of the Group's personnel, have joined the Group through business acquisitions, meaning that they possess various histories and cultures. One of the Group's strengths is the ability to seamlessly integrate these companies into the Group by respecting their individual histories and cultures and embracing their diversity.

### Percentage of Employees by Region

(As of March 31, 2020)



## Leveraging Our Strengths to Achieve Our Long-Term Vision

### Promoting Diversity and Inclusion on a Global Level

Since 2001, we have been leading the way with efforts to promote the advancement of women, including realizing our target of 30% for new-graduate female hires as a company within the Japanese manufacturing industry, where the level of science and engineering personnel recruitment is high. In 2019, we appointed a German woman to the post of Chief Human Resources Officer (CHO), and under her leadership we have been further promoting diversity and inclusion on a global level. In these ways, we are aiming to become an organization that can spur innovation through the active participation of a diverse group of human resources.



### Realizing Business Growth and Global Expansion through the Enhancement of Diversity

In the Material Business, we have enhanced diversity by welcoming local personnel and cultures, thereby expanding our business on a global basis. In 2000, we acquired the *Twaron* para-aramid fiber business from Acordis B.V. of the Netherlands, and this has grown into a business that currently underpins the Group's profits. In the automotive composites business, starting with the acquisition of CSP, the largest Tier 1 supplier in North America, we have enhanced our production capacity in Europe and China, thereby further promoting our global expansion. In the carbon fibers business, we have integrated our subsidiary Toho Tenax Co., Ltd. into the Company, helping us establish

a structure for this business that spans across the three regions of Japan, Europe, and the United States. Under this structure, we are aiming for business expansion centered on aircraft.

### Promoting Collaboration between Human Resources of Different Regions, Races, Industries, and Occupations

In addition to the diverse group of global human resources we have in the Material Business, the human resources in our Healthcare and IT businesses possess a wide range of expertise and are working to spur innovation by inheriting the long-cultivated strengths of the Teijin Group. For example, through collaboration between personnel in our Material and Healthcare businesses, we launched a project for the development of medical materials to treat congenital diseases. Through collaboration between personnel in our Healthcare and IT businesses, we have been providing *VitalLink*, a multidisciplinary collaboration system that allows patient information to be shared efficiently between medical professionals and caretakers involved in community-based medical treatment. Going forward, we will draw on the perspectives of human resources in various professions, including researchers, medical representatives, visiting nurses, and IT engineers, in an effort to further demonstrate Groupwide synergies.



Global human resources meeting

▶ P. 58 Promotion of Diversity and Inclusion



## The Long-Cultivated Strengths of the Teijin Group

### Reliable Quality and Strong Customer Relationships

The Teijin Group provides high-performance materials and other products and services with outstanding levels of quality, and this has enabled the Group to form strong trust-based relationships with customers in Japan and overseas. In addition to providing materials, the Group develops products and services in close collaboration with customers and local communities and is also working to offer new solutions. By doing so, the Group is moving forward with business development in high-value-added fields that are not easily impacted by market conditions, which in turn has helped establish a stable management base.



#### Leveraging Our Strengths to Achieve Our Long-Term Vision

##### Material Business/Fibers & Products Converting Business

### Developing Products in Collaboration with Customers

We specialize in high-performance materials and components and are engaging in product development together with our customers. Our engineers and sales representatives, who approach our customers with integrity, work to develop new ways to use our products and are striving to build trust-based relationships with customers by providing them with comprehensive support.

In the aramid and resin and plastic processing businesses, part of the strong relationships we have with our customers involves the extensive development of high-value-added uses for our products. *Twaron* para-aramid fiber is lightweight and possesses high strength and durability. Accordingly, *Twaron* is demonstrating its presence as a material used for tires, optical fibers, protective clothing, and other purposes on a global scale. For polycarbonate resin, we are moving forward with the development of high-value-added uses for this material that meet the needs of our customers, with the aim of extending its application to such areas as next-generation telecommunications (5G), automated vehicles, and electric vehicles.

In the automotive composites business, CSP has been deepening its relationships with major automobile manufacturers in North America as a trusted components supply partner equipped with outstanding design and planning capabilities. *Sereebo*, our carbon fiber-reinforced thermoplastic, has been selected by General Motors Company for use in its pickup box applications, and this helped earn CSP and Teijin the Innovation Award at General Motors' 27th annual Supplier of the Year awards ceremony.

Additionally, we have been pursuing increased levels of quality and performance for our carbon fiber intermediate materials for aircraft. In order to earn certification for structural components from major aircraft manufacturers, we are making concerted efforts to enhance our product lineup for these materials.

Also, the fact that we were able to establish a structure to supply a large quantity of medical gowns for healthcare professionals in a short period of time in response to COVID-19 is the result of the deep, trust-based relationships we have built with our suppliers on a daily basis.



##### Healthcare Business

### Forging Connections with Patients and Medical Professionals

In the Healthcare Business, we have cultivated trust-based relationships with patients and medical professionals through a two-pronged approach focusing on the pharmaceutical field, where we have established a leading share in Japan for hyperuricemia and gout treatment, and the home healthcare field, where we have been a trailblazer for home oxygen therapy (HOT) and for sleep apnea syndrome (SAS) treatment, for which we post a leading share in Japan. In terms of home healthcare, we provide comprehensive services through a follow-up care system that is able to respond to patients on a 24-hour basis. Additionally, our support structure that confirms the safety of patients during times of emergency has garnered high praise not only from patients and medical institutions but also the Japanese government.

Amid Japan's rapidly aging society, there is a need for community-based medical treatment and nursing care that helps maintain the quality of life of senior citizens accustomed to living in outlying areas. To meet this need, we must provide effective and efficient services in collaboration with medical institutions, medical professionals, rehabilitation specialists, nursing care providers, and other external partners. Accordingly, we aim to meet local medical treatment needs by providing comprehensive community-based healthcare services, including pre-symptomatic and prevention treatment not covered by insurance at hospitals as well as nursing care services.

## Effective and Transparent Governance

In 1999, the Teijin Group carried out governance reforms in an effort to quickly reinforce its corporate governance. One major feature of these reforms was the establishment of the Advisory Board, which includes globally active experts as its members, primarily outside directors with diverse backgrounds who have been selected by the shareholders. The Advisory Board provides advice on the Group's overall management, including its global strategies, and is in charge of functions concerning CEO nomination and compensation.



### Trailblazing Initiatives

#### 1999 Governance Reforms

- 1999
  - Changed number of directors from 24 to **10 or less**
  - Introduced the corporate officer system to accelerate decision-making and clarify the system of responsibility for business execution
  - Established the **Advisory Board**, comprising mainly external experts (including outside directors and outside non-Japanese advisors), to enhance management transparency
  - Established **outside statutory auditors as the majority** to ensure independence

#### 2002– Diversity and Inclusion of Corporate Officers

- 2002
  - Appointed a **woman** as one of three outside statutory auditors
- 2003
  - Appointed a **female** corporate officer from inside the Company
- 2006
  - Appointed a **non-Japanese** corporate officer
- 2019
  - Appointed a **non-Japanese woman** as Chief Human Resources Officer

#### 2003– Enhancement of the Board of Directors' Structure

- 2003
  - Introduced **three outside directors** to ensure independence
  - Established the Total Risk Management (TRM) Committee within the Board of Directors
- 2012
  - Established a **four-person** structure for independent outside directors
- 2015
  - Established the Nomination Advisory Committee and the Compensation Advisory Committee
- 2016
  - Transitioned to a system that, **as a general rule**, ensures we have **four or more** independent outside directors
- 2018
  - Appointed an **independent outside director** as chairman of the Board of Directors\*

\* As the position of Chairman of the Board was left vacant in 2013, an outside director served in that role for the entire year. Currently, in 2020, an independent outside director serves as chairman.

The Teijin Group's Board of Directors engages in highly open discussions between the directors and statutory auditors who participate in meetings, who are evenly split between seven inside members and seven outside members. Under this structure, the Group has established a culture for fostering effective and transparent governance. The Group's outside directors and statutory auditors, who come from diverse backgrounds, actively share their frank opinions with the inside directors and statutory auditors, serving not only as the "brakes" but, at times, also as the "accelerator" of the Group's management decision-making process. In these ways, the outside officers help enhance the effectiveness of the Board of Directors.

▶ P. 24 Dialogue on Corporate Governance

▶ P. 48 Corporate Governance

